

aml

From: [REDACTED]@ph.co.nz>
Sent: Friday, 8 October 2021 12:13 pm
To: aml
Cc: [REDACTED]
Subject: Review of the AML/CFT Act
Attachments: AML CFT Statutory Review Consultation 2021.pdf

Good afternoon

Please find the attached correspondence on behalf of Michael Turner

Kind Regards

Sandra

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I work the following hours
Mon - Thurs 8.30am - 4.30pm
Fri 8.30 - 1.30pm

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PolsonHiggs
Business advisors

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The AML/CFT consultation team
Ministry of Justice
SX 10088
Wellington
New Zealand

By e-mail: aml@justice.govt.nz

Dear Sir/Madam

Review of the AML/CFT Act

We refer to as the Ministry of Justice review of the AML/CFT Act and the consultation documents issued in October 2021.

We are a Chartered Accounting practice and therefore became subject to the AML/CFT Act from 1 October 2018. Accordingly we have been subject to the regime for just over 3 years and have completed two annual reports, have been through one audit cycle and onboarded numerous clients.

Our experience to date

While the initial implementation provided many challenges this was not unexpected with the new regime and there was significant time and effort required to develop risk assessments and compliance programs. However putting that to one side our observations on areas where we believe in day-to-day operations issues arise are set out below

1. The regime presents a significant barrier to clients changing professional advisers (accountants and lawyers) or banks. Many organisations interpretations of their AML requirements place onerous requirements on clients that leads to significant frustration. This barrier to clients ability to change providers imposes a cost and potentially introduces inefficiency into the market. The cost of this inefficiency should be considered.
2. In any given transaction several parties may conduct the same AML on a client, for example an accountant, a lawyer and real estate agent. This appears to be inefficient, time-consuming and presents a barrier to the transaction. While in recent times some providers have been happier to share the AML verification work they have done, this is not always the case.
3. As the NZ government has developed RealMe to securely prove who you are it seems very inefficient and lacks cohesion that this is not used as part of the AML process. Only undertaking this work once and having that maintained and available to all parties seems a much more efficient process. We would strongly recommend that the use of a centralised database to verify identity should be considered.

4. During the three-year period we have been subject to the Act we have attempted to engage with the regulator on a number of occasions to seek clarification of our obligations. The regulator has been reluctant to engage or to provide any advice or comments. While this can be justified on the basis of the regulator remaining independent it adds to the compliance burden and risk faced by our organisation and the possibility of not being compliant. It should be considered if this is the best approach to achieve the AML objectives.
5. Most of the services we provide do not represent captured activities. However Internal Affairs position that accountants dealing with tax refunds represented managing client funds or engaging in giving instructions, a view formed very close to the regime becoming effective for accountants has brought potentially thousands of transactions into the AML net. This decision should be reviewed to ensure that the benefit of having these transactions captured outweighs the significant compliance cost imposed on the industry.
6. As an Accounting Professional (acting as trustee for clients) I am regularly asked to provide my personal AML information to banks, lawyers and other accountants. It personally worries me that my drivers license/passport, date of birth and residential address is held by so many organisations, thereby significantly increasing the risk of identity fraud. The heightened risk of identity fraud should be considered in light of the way our AML requirements require sharing of personal information.

We would be happy to discuss our experience with implementing AML processes and with our daily interaction with the regime or provide any further comments that may assist you in your review.

Yours sincerely



M J Turner

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